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Please find below and/or attached an Office communication concerning this application or proceeding.

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/064,066
Filing Date: June 06, 2002
Appellant(s): BROWN, KYLE RAY

Joel I. Rosenblatt
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed January 15, 2008, appealing from the Office action mailed August 28, 2007.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows: Claims 7, 16, & 33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harris et al. (U.S. 6,014,635) in view of Peirce et al. (U.S. 6,332,126), and further in view of Barbara et al. (2003/0105710). Examiner notes grammatical error in the Final rejection mailed August, 28, 2007, that includes "...Harris et al. in view of Peirce et al. as applied to claims 1-6, 8-15, 17-24, & 26-27...". Claims 19-24 & 26-27 have been cancelled.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

U.S. 6,014,635	Harris et al.	1-2000
U.S. 6,332,126	Peirce et al.	12-2001
U.S. 2003/0105710	Barbara et al.	6-2003

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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2. The factual inquiries set forth in *Graham v. John Deere, Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

3. **Claims 1-6, 8-15, 17-18, 28-32, & 34-36** are rejected under 35 U.S.C. 103(a) as being unpatentable over Harris et al. (U.S. 6,014,635) in view of Peirce et al. (U.S. 6,332,126).

As per claim 1, Harris et al. teaches a system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to the transaction amount reduced by a merchant discount and debiting the eCard holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising:

a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard (See column 3, lines 41-65, and column 4 lines 7-67, which discusses a discount credit system administrator, including a number of authorized merchants, whereby customers can passively or actively enroll);

a participating merchant terminal with merchant identifying information (See column 5, lines 29-60, which discusses how authorized merchants who agree to participate in the discount credit system are preferably connected to merchant banks which provide gateways into the VISA® credit network);

said discount debt plan provider eCard with eCard data, including eCard holder identifying data (See column 2, lines 18-28, which discuss how participants, upon passive or active enrollment, are assigned a membership number that is associated with a transaction card account issued by a card issuer);

a telecommunications network connecting said discount debit plan provider terminal and said merchant terminal for transmitting data between said terminals (See column 1, lines 35-45, which discuss the VISA ® credit transaction network, a standard computer network for transmitting authorization request).

said merchant terminal responsive to said eCard data and to transaction data for crediting said transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal (See column 5, line 63 through column 6, line 37, which discusses a series of discount transaction processors which include a membership account issuing bank, a discount authorization processor, and a discount merchant bank);

said discount debit plan providers terminal responsive to said transaction data for debiting said eCard holder's account with eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount (See column 11, lines 50-53, which discuss how the value of the transaction minus the

previously applied discount is credited to participants appropriate transaction card account). However, Harris et al. does not expressly disclose said discount debit plan providers terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount.

Peirce et al. discloses a system and method for targeted payment discount utilizing bankcards to provide merchants with a flexible, cost effective method of advertising to a large number of interested consumers.

Both Harris et al. and Peirce et al. disclose systems and methods for offering discounted card transactions. Pierce utilizes merchant discounts within a credit transaction network to effectively and efficiently target offers deemed valuable to respective cardholders (See column 1, line 65, through column 2, lines 5, and claims 1-7 which discuss merchant discounts in the context of a discounted credit transaction). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Harris et al. to include a merchant discount for participation in a discount debit card system as taught by Peirce et al. in order to create a flexible, cost effective method for potential consumers to access various merchants (See column 1, line 50, through column 2, line 5, which discusses the desire for merchants to find consumers interested in their products or services and the desire for consumers to have products or services they want or need at discount prices).

As per claim 2, Harris et al. teaches wherein said discount debit plan provider's terminal credits a difference between said participating merchants discounted amount

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and said eCard holder's discounted amount as at least one fee to said discount debit plan provider or its affiliates (See column 8, lines 42-52, which discuss a commission based on conventional formulas).

As per claim 3, Harris et al. teaches wherein, said discount debit plan provider's terminal is responsive to said transaction data for crediting said merchant and for debiting a source account of fungible funds for the amount credited to said merchant (See column 8, lines 29-33, which discuss how payments representing the gross amount of the purchase are withdrawn from an umbrella account which is housed at the membership account issuing bank and paid to the merchant bank) and for replenishing said source account from at least a part of said amount debited to said eCard holder's account (See column 8, lines 34-41, which discuss replenishing the umbrella account by settling with the participant's transaction card issuing bank).

As per claim 4, Harris et al. teaches wherein said debiting of said source account is made without identification of respective eCard holders fund placed in said source account (See column 8, lines 29-33, which discuss how payments representing the gross amount of the purchase are withdrawn from an umbrella account which is housed at the membership account issuing bank and paid to the merchant bank; no identification of respective participants funds placed in the umbrella account takes place).

As per claim 5, Harris et al. teaches including an eCard containing data related [to] said discount debit card plan (See column 2, lines 18-28, which discuss how participants, upon passive or active enrollment, are assigned a membership number

that is associated with a transaction card account issued by a card issuer); said merchant terminal responsive to said eCard, for transmitting to said discount debit plan provider's terminal, merchant identifying data for entry into said discount debit plan provider's terminal (See column 6, line 38 through column 7, line 67, which discusses how an authorization request is sent from the merchant bank to membership account issuing bank; the authorization request includes the membership account number and verifies that the request originated from an authorized merchant).

As per claim 6, Harris et al. teaches wherein said eCard includes sample transaction data and said discount debit plan provider's terminal, responsive to transaction data indicative of said sample transaction, denies the participating merchant credit for the said sample transaction (See column 9, lines 9-47, and column 10, lines 46-54, which discuss how a discount transaction is denied).

As per claim 8, Harris et al. teaches wherein said telecommunications network connects said discount debit plan provider's terminal to said participating merchant through an eCard company terminal (See Figure 1, specifically signals 24 & 25, which illustrates the discount transaction system including several data processors interconnected through a conventional VISA ® transaction network); said eCard company terminal responsive to said transaction data, transmits said transaction data to said discount debit plan providers' terminal (See Figure 1, specifically signals 22 & 23, which illustrates the discount transaction system including several data processors interconnected through a conventional VISA ® transaction network).

As per claim 9, Harris et al. teaches wherein said eCard company terminal responsive to said transaction data from said participating merchant's terminal, transmits data authorizing said transaction to said participating merchant's terminal (See Figure 1, which illustrates authorizing the transaction through signals 24 & 25).

Claims 10 & 28 recite equivalent limitations to claim 1, and are therefore rejected using the same art and rationale as set forth above.

Claims 11-15 & 17-18 recite equivalent limitations to claims 2-6 & 8-9, respectively, and are therefore rejected using the same art and rationale as set forth above.

Claims 29-32 recite equivalent limitations to claims 2, 3, 6, & 6, respectively, and are therefore rejected using the same art and rationale as set forth above.

As per claim 34, Harris et al. teaches a means for replenishing said source of fungible funds from at least a part of said eCard holder's discounted amount (See column 8, lines 34-41, which discuss replenishing the umbrella account by settling with the participant's transaction card issuing bank).

Claims 35-36 recites equivalent limitations to claim 34, and are therefore rejected using the same art and rationale as set forth above.

4. **Claims 7, 16, & 33** are rejected under 35 U.S.C. 103(a) as being unpatentable over Harris et al. (U.S. 6,014,635) in view Peirce et al. (U.S. 6,332,126), and further in view of Barbara et al. (U.S. 2003/0105710).

As per claim 7, the Harris et al. and Peirce et al. combination discloses the structural elements of the claimed invention, but does not expressly disclose wherein,

said discount debit plan provider's terminal, responsive to said merchant identifying data, registers said merchant as said participating merchant in said discount debit card plan.

Barbara et al. discloses a method and system for on-line payments that enables the making of payments using a credit card, checking account, or savings account (See paragraph 4 which discusses a method and system for making on-line payments utilizing a transaction account as a hub for such payments).

Both the Harris et al. and Peirce et al. combination and Barbara et al. disclose methods and systems to make payments using electronic commerce. Barbara et al. discloses a quick enrollment aspect using pre-defined parameters within a method and system of making on-line payments utilizing a transaction account as a hub (See paragraph 27, which discusses how third party service provider executes pre-qualification base on pre-defined parameters, such as requiring customers of the third party to pay the service provider charges for using a credit card account). Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify Harris et al. and Peirce et al. combination to include registering a merchant in the discount debit card plan based on pre-defined parameters as taught by Barbara et al. in order to provide a quick enrollment process (See paragraph 15, which discusses an advantage of providing a method and system for an on-line transaction that employs a quick enrollment process).

Claims 16 & 33 recite equivalent limitations to claim 7, and are therefore rejected using the same art and rationale as set forth above.

(10) Response to Argument

The Examiner summarizes the various points raised by Appellant and addresses them individually.

A. Rejection of claims 1-6, 8-15, 17-18, 28-32, & 34-36 under 35

U.S.C. 103(a) as being unpatentable over Harris et al. (U.S. 6,014,635) in view of Peirce et al. (U.S. 6,332,126).

1. Regarding independent claims 1, 10, & 28, and dependent claims 2-6, 8-9, 11-15, 17-18, 29-32, & 34-36 Appellant asserts that Harris et al. fails to teach, suggest, or disclose *the discount debit card system as claimed* (See Appeal Brief--4.0 Summary, pg. 36).

In response, the Examiner respectfully disagrees and directs The Board to the numerous disclosures in Harris et al.

First, the Background of the Invention ("Background") in Harris et al. expressly notes that the use of transaction cards (including debit or ATM cards) for payments of merchandise is ever increasing (See column 1, lines 1-35). Additionally, the Background expressly states that affinity programs, including the affinity program used in conjunction with the credit authorization system claimed in Harris et al., may provide a cardholder with a membership number which is linked to one or more of the cardholder's credit, debit, or ATM cards. The cardholder purchases merchandise using the membership number and, eventually, a debit is recorded against the associated credit, debit or ATM card (See column 1, lines 46-67). These disclosure makes it clear

that Harris et al. and the prior art specifically contemplate a discount card system using a debit card.

Second, referring to Examiner's citation of the last full paragraph of the Summary of Invention ("Summary") in the Final Rejection, Harris et al. expressly states that both the debit transaction for 100% of the purchase price and a credit transaction for the discount savings are recorded on the participant's transaction card account statement (See column 3, lines 7-12). This statement indicates one of two things: (1) it provides support that a debit transaction took place and, therefore, that Harris et al. is not exclusively a credit process; (2) it inherently provides support that a debit transaction actually occurred.

Third, the Detailed Description of the Invention ("Description") in Harris et al. expressly notes that enrollment in the system is linked to one of the participant's transaction card accounts and, thus, all purchases made by the participant through the discount credit system are debited against that particular transaction card account (See column 3, lines 41-57). Additionally, referring to Examiner's citation in the Final Rejection, the Description expressly states the use of a membership number, such as an account number, wherein the membership number uses a sixteen digit conventional VISA ® debit card number (See column 4, lines 7-40). Finally, the Description expressly notes that the use of the conventional VISA.RTM credit transaction network assists in ensuring security of the memberships numbers and provides a convenient mechanism for debit, credit, and settlement transactions to be processed among the financial institutions, merchants and processors associated with the discount credit

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system (See column 5, lines 13-28). Each disclosure provides support the Harris et al. teaches, suggests, and discloses the use of a debit card within the claimed system and method for providing discount credit transactions.

For these reasons set forth above, and under broadest reasonable interpretation, Harris et al. clearly teaches, suggests, and discloses *the use of a debit card in the discount system as claimed*.

2. Regarding independent claims 1, 10, & 28, appellant asserts that Peirce et al. *is limited to identifying consumer preferences in a credit card system for associating credit card users with discounts, and Peirce et al. fails to teach, suggest, or disclose discounts within a debit card system* (See Appeal Brief--4.0 Summary, pg. 36).

In response, the Examiner respectfully disagrees and directs the Board to the cited disclosure in Peirce et al. and the underlying teaching.

Contrary to Appellant's assertion, Peirce et al. is not limited to identifying consumer preferences in a credit card system for associating credit card users with discounts. First, the Background of the Invention ("Background") in Peirce et al. expressly states that merchants design target offers that discounts their products and services (See column 1, line 50, through column 2, line 14, and claims 1-7). Additionally, the Summary of the Invention ("Summary") expressly discloses how merchants offer value propositions that discount their products or services in order to increase the use of bankcards and reduce the need for discount coupons, mailings or additional transactions (See column 2, lines 15-34). These disclosures not only indicate

that Peirce et al. teaches the use of merchant discounts, but that the prior art specifically contemplates such use within a bankcard system.

Second, the Detailed Description of the Invention ("Description") in Peirce et al. expressly notes that the discount program may be used in any other payment transaction processing system, including checks, debit cards, private label cards, and on-line electronic payment systems (See column 13, lines 42-55). This disclosure provides support that refutes Appellant's assertion that Peirce et al. is only limited to discounts within a credit card system.

3. Regarding independent claims 1, 10, & 28, Appellant asserts *that there is not sufficient motivation to combine the teachings of Harris et al. and Peirce et al.* (See Appeal Brief, pgs. 23, 24, & 40).

In response, the Examiner respectfully disagrees. The teachings of Harris et al. are analogous to the teachings of Peirce et al. The Examiner directs the Board to the Final Rejection which expressly states that both Harris et al. and Peirce et al. disclose systems and methods for offering discounted card transactions. As discussed in the Final Rejection, it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to modify the discount debit card system teaching of Harris et al. with the merchant discount teaching of Peirce et al. because it creates a flexible, cost effective method for potential consumers to access various merchants via a debit transaction processing system (See column 1, line 50, through column 2, line 5). Examiner notes that Appellant cites to Examiner's teaching, suggestion, and motivation to combine on pg. 24 as two separate reasons for combining Harris et al. and Peirce et

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al., when in fact they are one in the same. In addition to the teaching, suggestion, and motivation provided above, Examiner directs The Board to the rationale of combining prior art elements according to known methods to yield predictable results set forth in *KSR Int'l Co. v. Teleflex, Inc.* It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to modify Harris et al. to include merchant discounts as taught by Peirce et al. in order to combine the known features of discount debit card systems with merchant discounts to achieve the predictable result of having a discount debit card systems where the discounts are provided by the merchants.

For these reasons, there is sufficient motivation to combine the analogous teachings of Harris et al. and Peirce et al. and the rational given in the Final Rejection satisfies the criteria set forth in *KSR Int'l Co. v. Teleflex Inc.*

4. Regarding independent claims 10 & 28, and dependent claims 11-15, 17-18, 29-32, and 25-36, Appellant asserts *that, based on the standard of substantial evidence, the grouping of these respective claims in a rejection should not be upheld* (See Appeal Brief, pgs. 27-31) .

In response, the Examiner respectfully disagrees. For each instance, Examiner cited Appellant to claims previously rejected that contained substantially equivalent claim limitations. For example, Examiner cited appellant to the rejection of claim 1 for claims 10 & 28. Claims 10 & 28 recite a system and "means for" operating a discount debit card plan, respectively, and are equivalent, if not exactly the same to the limitations expressed in claim 1--method claim. This principal holds true for the remaining dependent claims.

Additionally, Examiner would like to note that Appellant was given two chances to argue the substance of the claims in each group rejection. Both times Appellant choose not to make an argument in rebuttal of the group rejections.

B. Rejection of claims 7, 16, & 33 under 35 U.S.C. 103(a) as being unpatentable over Harris et al. (U.S. 6,014,635) in view Peirce et al. (U.S. 6,332,126), and further in view of Barbara et al. (U.S. 2003/0105710).

5. Regarding dependent claims 7,16, & 33, Appellant asserts that Barbara et al. *is limited to a person to person debit card process, but does not alter the debit card fund transfer process or give any indication or hint about how or why the debit card process could be used in the credit card process of Harris et al.* (See Appeal Brief, pg. 36).

In response, the Examiner respectfully disagrees. Contrary to Appellant's assertion, Barbara et al. is not limited to a person to person debit card process nor does Examiner cite Barbara et al. for this proposition. Examiner cites Barbara et al. as prior art in reference to the specific teaching of registering a merchant in a payment system (See paragraph 27). Examiner does not contend Barbara et al. discloses Applicant's claimed discount debit card system, but rather in conjunction with Harris et al. and Peirce et al., it teaches the limitation of registering said merchant in said discount debit card plan.

6. Regarding dependent claims 7,16, & 33, Appellant asserts that *there is not sufficient motivation to combine the teachings of Harris et al., Peirce et al., and Barbara et al.* (See Appeal Brief, pg. 36).

In response, the Examiner respectfully disagrees. The teachings of Harris et al. are analogous to the teachings of Peirce et al. and Barbara et al. The Examiner directs the Board to the Final Rejection which expressly states that both Harris et al., Peirce et al., and Barbara et al. disclose systems and methods to make payments using electronic commerce. As discussed in the Final Rejection, it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to combine the discount debit card system and merchant discounts as taught by Harris et al. and Peirce et al. with registering a merchant using pre-defined parameters in a payment system as taught by Barbara et al. because it provides a quick enrollment process for merchants wishing to take advantage of the business offered by a discount debit card system (See paragraph 15 of Barbara et al.). In addition to the teaching, suggestion, and motivation provided above, Examiner directs The Board to the rationale of combining prior art elements according to known methods to yield predictable results set forth in *KSR Int'l Co. v. Teleflex, Inc.* It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to modify the Harris et al. and Peirce et al. combination to include registering a merchant using pre-defined parameters as taught by Barbara et al. in order to combine the known features of discount debit card systems, merchant discounts, and registering merchants to achieve the predictable result of having a discount debit card system whereby merchants wishing to provide discounts can be registered quickly and efficiently.

For these reasons, there is sufficient motivation to combine the analogous teachings of Harris et al., Peirce et al., and Barbara et al., and the rational given in the

Final Rejection, within the safe harbor of common sense, satisfies the criteria set forth in *KSR Int'l Co. v. Teleflex Inc.*

7. Regarding dependent claims 16 & 33, Appellant asserts *that, based on the standard of substantial evidence, the grouping of these respective claims in a rejection should not be upheld* (See Appeal Brief, pgs. 32-33).

In response, the Examiner respectfully disagrees. For this particular instance, Examiner cited Appellant to previously rejected claim 7 that contains a substantially equivalent claim limitation. Thus, Examiner cited Appellant to the rejection of claim 7 for claims 16 & 33 because claims 16 & 33 are equivalent, if not exactly the same to the limitations expressed in claim 7.

Additionally, Examiner would like to note that Appellant was given two chances to argue the substance of the claims in this group rejection. Both times Appellant choose not to make an argument in rebuttal of the group rejection.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this Examiner's Answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Michael R. Zecher
Art Unit #3691
March 4, 2008

/Alexander Kalinowski/

Art Unit: 3600

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